

Message Text

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SUBJECT: EC COMMISSION PRESIDENT ORTOLI ON THE STATE OF THE COMMUNITY

REF: A) EC BRUSSELS 267

B) EC BRUSSELS 789

1. SUMMARY: IN HIS ANNUAL REPORT TO THE EUROPEAN PARLIAMENT, EC COMMISSION PRESIDENT ORTOLI SAID THAT EUROPE HAD MADE PROGRESS IN THE LAST SIX MONTHS, PARTICULARLY IN: RECOGNIZING THE REALITY OF ECONOMIC INTER-DEPENDENCE, FLESHING OUT THE COMMUNITY'S ECONOMIC AND SOCIAL POLICIES, DEVELOPING A POLICY FOR THE THIRD WORLD, AND SHOWING A GENUINE DESIRE TO STRENGTHEN THE INSTITUTIONS OF THE COMMUNITY. ORTOLI SAID THE COMMUNITY IN 1975 SHOULD HAVE FIVE OBJECTIVES: TO MAKE EUROPE LESS DEPENDENT ON THE OUTSIDE WORLD, TO RE-ESTABLISH ECONOMIC AND SOCIAL EQUILIBRIUM IN EUROPE, TO ESTABLISH A NEW RELATIONSHIP WITH THE THIRD WORLD, TO RESUME PROGRESS TOWARDS ECONOMIC AND MONETARY UNION AND TO PREPARE THE WAY FOR EUROPEAN UNION. HE SAID HE HOPED THE UK WOULD REMAIN IN THE COMMUNITY. HIS REPORT RECEIVED A GENERALLY FAVORABLE RECEPTION IN PARLIAMENTARY DEBATE ON FEBRUARY 19 AND HAS RECEIVED MODERATE PRESS ATTENTION. END SUMMARY.

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2. ON FEBRUARY 18 EC COMMISSION PRESIDENT ORTOLI PRESENTED TO THE EUROPEAN PARLIAMENT MEETING IN STRASBOURG THE EIGHTH ANNUAL GENERAL REPORT OF THE COMMISSION ON THE ACTIVITIES OF THE COMMUNITIES DURING THE PAST YEAR AND THE COMMISSION'S PROGRAM FOR WORK FOR THE NEXT YEAR. (AS REPORTED IN REFTEL B, THE DRAFTING OF POSITION PAPERS ON SOME NEW COMMISSION INITIATIVES GOT UNDERWAY LATE IN JANUARY.)

3. ORTOLI SAID HE COULD NOT PAINT A ROSY PICTURE BUT HE REFUESE TO BE UNDULY PESSIMISTIC. EUROPE HAS BEEN LESS LETHARGIC IN THE PAST SIX MONTHS AND "DAYLEIGHT IS BEGINNING TO SHOW AT THE END OF THE TUNNEL."

4. HE SINGLED OUT FOUR MAIN AREAS WHERE PROGRESS HAD BEEN MADE DURING THE YEAR:

- THE REALITY OF ECONOMIC INTERDEPENDENCE HAS BEEN RECOGNIZED AND THE STRENGTHENING OF THE EC'S CONSULTATION ARRANGEMENTS IS A TIMID PRECURSOR OF HARMONIZED NATIONAL POLICIES;
- SOME FLESH HAD BEEN PUT ON THE COMMUNITY'S ECONOMIC AND SOCIAL POLICIES TO WHICH IN THE PAST NO MORE THAN LIP SERVICE HAD BEEN PAID. HE MENTIONED SPECIFICALLY THE CREATION OF THE REGIONAL FUND, THE ESTABLISHMENT OF COMMUNITY LOAN MACHINERY AND THE DEVELOPMENT OF THE SOCIAL FUND;
- THE ELABORATION OF A POLICY WITH CLEAR AIMS, AMBITIONS AND VERSATILE INSTRUMENTS FOR SPURRING DEVELOPMENT IN THE THIRD WORLD;
- THE EVIDENCE OF APRIME DESIRE TO STRENGTHEN EUROPE'S INSTITUTIONAL STRUCTURE WHICH ORTOLI'S VIEW HAS MADE THE COUNCIL MORE VIGOROUS.

5. ORTOLI SAID EUROPE'S PRIMARY PROBLEM IS TO ACHIEVE INDEPENDENCE AND TO GAIN CONTROL OF ITS OWN DESTINY. HE SAID IN THIS AREA EUROPE HAS BEEN LOSING GROUND FOR 15 MONTHS. HE CITED EUROPE'S PHYSICAL DEPENDENCE ON ENERGY AND RAW MATERIALS AS ONE CONTRIBUTING FACTOR, AND SAID THAT THE US, WHICH HAS ENERGY AND RAW MATERIAL RESOURCES ON A CONTINENTAL SCALE, HAS NATURALL INCREASED IT SINFLUENCE. HE BLAMED EUROPE ITSELF, WHICH HAS FAILED TO TAKE HER RIGHTFUL PLACE IN THE FORA WHERE MAJOR DECISONS ON WORLD ISSUES ARE TAKEN. EUROPE, HE SAID, HAS ABANDONED ITS AMBITIONS.

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6. ORTOLI SAID HIS PROGRAM FOR 1975 WAS INSPIRED BY AN AMBITION TO GET EUROPE TO CHANGE GEAR AND DIRECTION. HIS FIRST OBJECTIVE IS TO MAKE EUROPE LESS DEPENDENT. A COMMON ENERGY POLICY IS AN IMPORTANT ELEMENT. EUROPE MUST FIX TARGETS FOR EACH SOURCE OF ENERGY AND PROVIDE INCENTIVES, SUPPORT AND GUARANTEES TO INSURE AN ADEQUATE RETURN ON INVESTMENT UNDER REASONABLE ECONOMIC CONDITIONS.

7. THE NINE MEMBER STATES, HE SAID, MUST POOL THEIR SOVEREIGNTY IN AN EFFORT TO EXERCISE THEIR FULL POWER IN THE CENTERS OF DECISION. THIS IS NECESSARY BOTH IN INTERNATIONAL ORGANIZATIONS AND WITH RESPECT TO EUROPE'S RELATIONS WITH ITS LARGER PARTNERS, NOTABLY THE US. THE WILLINGNESS OF THE US TO TACKLE PROBLEMS MAKES IT A WORLD LEADER. EUROPE SHOULD DEFEND ITS OWN INTERESTS WITH "THE SAME DETERMINATION, THE SAME FIRMNESS, THE SAME LACK OF COMPLEXES AND THE SAME WHOLESOME SINCERITY THAT THE UNITED STATES DISPLAYS".

8. ORTOLI IDENTIFIED THE RE-ESTABLISHMENT OF ECONOMIC AND SOCIAL EQUILIBRIUM IN EUROPE AS THE COMMUNITY'S SECOND PRIORITY FOR 1975. SPECIFICALLY, HE SAID THE COMMISSION INTENDS TO PROPOSE TO THE COUNCIL BY JUNE THE CREATION OF SOME SORT OF EUROPEAN EXPORT BANK.

9. WITH RESPECT TO ESTABLISHING A NEW RELATIONSHIP WITH UNDER-DEVELOPED COUNTRIES, HIS THIRD OBJECTIVE, ORTOLI SAID THE COMMUNITY MUST BASE ITS COOPERATION ON LONG-TERM ECONOMIC LINKS, AS WELL AS CONTINUED FINANCIAL AID, AND ADVOCATED TRIANGULAR COOPERATIVE PROJECTS INVOLVING THE INDUSTRIAL COUNTRIES, THE PRODUCERS OF RAW MATERIALS AND ENERGY, AND THE LDC'S THEMSELVES. HE NOTED BRITAIN'S HISTORIC RELATIONS WITH ASIA AND THE DEVELOPING COUNTRIES AND SAID BRITAIN'S CONTINUED MEMBERSHIP WAS FUNDAMENTAL COMMUNITY INTEREST.

10 ORTOLI RECOGNIZED THAT HIS FOURTH OBJECTIVE -- TO RESUME PROGRESS TOWARDS ECONOMIC AND MONETARY UNION -- WAS AMBITIOUS BUT CLEARLY NECESSARY. HE PROPOSED THAT THE COMMUNITY FOCUS ON LIMITED BUT SIGNIFICANT FIELDS, AND HE MENTIONED ENERGY AND AGRICULTURE. HE ALSO CALLED FOR NEW INSTRUMENTS OF ACTION: A STRENGTHENED MONETARY COOPERATION FUND, A MEDIUM-TERM RESEARCH

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INSTITUTE AND ADDITIONAL MACHINERY IN THE ENERGY FIELD.

11. FINALLY, ORTOLI SAID THE COMMUNITY MUST PREPARE THE WAY FOR EUROPEAN UNION AND PROMISED THAT THE COMMISSION WOULD PLAY AN ACTIVE AND COURAGEOUS ROLE IN THAT EFFORT.

12. WE ARE TOLD ORTOLI'S SPEECH WAS NOT VERY WELL DELIVERED AND THE PARLIAMENTARY DEBATE ON FEBRUARY 20 FAILED TO REALLY COME TO GRIPS WITH ITS SUBSTANCE. IN GENERAL, HOWEVER MOST SPEAKERS WELCOMED THE STRONG POSITION TAKEN BY THE PRESIDENT AND PLEDGED THEMSELVES TO SUPPORT THE COMMISSION. SOME ADDED A CAUTIONARY NOTE SAYING THE RHETORIC WAS ALL WELL AND GOOD BUT WHAT WAS NEEDED WAS ACTION, AND BEFORE THAT COULD BECOME MEANINGFUL, THERE WOULD HAVE TO BE HARD DECISIONS TAKEN BY MEMBER STATES.

13. COMMISSIONER SPINELLI'S CHEF DE CABINET PERISSICH TOLD US HE CONSIDERED ORTOLI'S SPEECH A MAJOR STATEMENT. MANY OF THE SPECIFIC INITIATIVES ORTOLI SAID THE COMMISSION WOULD BE TAKING, HOWEVER, ARE STILL ONLY IN THE PLANNING STAGE. THE COMMISSION RECOGNIZES THAT NOT ALL WILL BE ACCEPTED BUT PERISSICH IS CONFIDENT OTHERS WILL BE. HE SAID THAT ORTOLI HAS CHANGED HIS TACTICS IN HIS EFFORT TO ENCOURAGE A RESUMPTION OF MOVEMENT TOWARD THE COMMUNITY'S LONG-TERM GOALS. PREVIOUSLY HE HAD FAVORED A CAREFULLY PLANNED AND PHASED APPROACH -- AS IN THE CASE OF PAST PROPOSALS FOR ECONOMIC AND MINETARY UNION. HOW HE WILL PUSH FOR ANY MEASURES TO UNIFY EUROPE THAT HE BELIEVES ARE POLITICALLY ACCEPTABLE.
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